



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

September 29, 2009
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Mr. John S. Lehn, Director
Kings County Job Training Office
124 North Irwin Street
Hanford, CA 93230

Dear Mr. Lehn:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Kings County Job Training Office's (KCJTO) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Dave Ajirogi from April 6, 2009 through April 10, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by KCJTO with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of KCJTO, a review of applicable policies and procedures, and a review of documentation retained by KCJTO for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on August 25, 2009 and reviewed your comments and documentation before finalizing this report. Your response adequately addressed the finding cited in the draft report. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future

onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 90167.

BACKGROUND

The KCJTO was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09 KCJTO was allocated: \$834,436 to serve 208 adult participants; \$858,436 to serve 160 youth participants; and \$671,414 to serve 87 dislocated worker participants.

For the quarter ending December 31, 2008 KCJTO reported the following expenditures and enrollments for its WIA programs: \$764,667 to serve 169 adult participants; \$597,623 to serve 141 youth participants; and \$512,738 to serve 57 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that overall, KCJTO is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, KCJTO is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area, our recommendation, and KCJTO's proposed resolution of the finding is specified below.

FINDING 1

- Requirement:**
- 20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions.
 - 29 CFR Section 97.35 states, in part, that all contracts awarded shall contain the provisions of Appendix A to this part for debarment and suspension requirements, including Executive Order (EO) 12549.
 - 29 CFR Section 97.36(i)(12) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), and section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738.
- Observation:**
- We found that KCJTO's subrecipient contract did not contain the above contract provisions. Specifically, we reviewed the contract for Kings County Office of Education for \$767,424 and found that

the contract did not contain the required debarment and suspension provision or the clean air and clean water provision.

Recommendation: We recommended that KCJTO submit a corrective action plan (CAP) to Compliance Review Office (CRO) stating how it will ensure that current and future contracts include the above contract provisions.

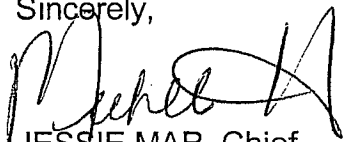
KCJTO Response: The KCJTO stated that they accepted the recommendation and revised their boilerplate contract to include reference to Executive Order 12549 and 11738. Effective June 15, 2009 all contracts executed by KCJTO will contain the provisions.

State Conclusion: The KCJTO's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify KCJTO's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90167.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is KCJTO's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain KCJTO's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Greg Gibson, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Lydia Rios, MIC 50